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**TO: HEALTH BENEFIT OFFICERS AND ASSISTANTS OF THE  
STATE, CALIFORNIA STATE UNIVERSITY AND  
CONTRACTING PUBLIC AGENCIES**

**SUBJECT: HEALTH BENEFITS INFORMATION AND THE 2003 OPEN  
ENROLLMENT**

This letter addresses the following topics:

- Renewal of Health Plan Contracts
- Health Plans Contract Year
- 2004 Benefit Changes
- Services Area Changes **(See update in this section)**
- 2003 Open Enrollment Procedures
- 2004 State Annuitant Contribution Formula
- Zip Code Access
- Health Fairs
- New Health Reason Code and Reason Code Chart

## **RENEWAL OF HEALTH PLAN CONTRACTS**

On June 18, 2003, the CalPERS Board of Administration approved the health plan premiums and benefit structure for the 2004 contract year. Premium increases are:

- HMO plans will increase an average of 18 percent for Basic and an average of 27 percent for Medicare.
- PERSCare and PERS Choice premiums will increase an average of 13 percent for the Basic plans, and the Medicare plans will decrease by 1 percent.
- Association plan premiums will increase an average of 12 percent for Basic and 15 percent for Medicare.

CalPERS retained the same HMO plans for 2004 as are available for 2003: Blue Shield HMO and EPO, Kaiser Permanente, and Western Health Advantage (WHA). The enrollment freeze for WHA will be lifted for 2004.

CalPERS will continue to offer two PPO plans, PERSCare and PERS Choice, and three Association plans, California Association of Highway Patrolmen (CAHP), California Correctional Peace Officers Association (CCPOA), and Peace Officers Research Association of California (PORAC). The CAHP and PORAC plans are PPOs; the CCPOA plan is an HMO. Members must belong to and pay dues to the respective

Association in order to enroll in these plans.

## **HEALTH PLANS CONTRACT YEAR**

The contract year for the CalPERS sponsored health plans is January 1, 2004, to December 31, 2004.

## **2004 BENEFIT CHANGES**

Emergency room copayments for Blue Shield and Kaiser Basic and Medicare plans will increase to \$50/visit (waived if admitted) in order to standardize emergency room copays across all HMOs.

The copayment for non-formulary drugs will increase from \$30 to \$45 for retail and from \$45 to \$75 for mail order for all plans, except Kaiser. The \$1,000 out-of-pocket maximum for mail order drugs continues to apply. In limited situations where medical necessity requires a member to take a non-formulary drug, the member will be able to request a medical necessity exception to the increased non-formulary copay. If the exception request is approved, members will pay the \$30/retail or \$45/mail order copayment for the non-formulary drug.

**Note:** The member must coordinate with their doctor to request a medical necessity exception using the procedure specified by their plan. The exception request procedure will be described in each plan's 2004 Evidence of Coverage (EOC) booklet. The 2004 EOCs will be mailed to all current members no later than October 1, the first day of Open Enrollment. Health Benefits Officers (HBOs) will also receive a supply of the 2004 EOCs for all plans at the same time.

CCPOA and PORAC Association plans also have benefit changes. Members should contact each Association for more information.

See 2004 Benefit Changes for a chart summarizing these changes.

## **SERVICE AREA CHANGES**

### **Kaiser and Western Ventura County**

Kaiser will withdraw from the following ZIP codes in western Ventura County: 93001-07, 93009, 93022, 93030-~~35~~ **36**, 93041-44, and 93060-61. CalPERS will automatically move members in the affected ZIP codes to Blue Shield during Open Enrollment. If an employee does not wish to be enrolled in Blue Shield, they must choose a different health plan and a new enrollment document (HBD-12) must be completed.

### **CCPOA and San Luis Obispo County**

CCPOA Basic and Medicare plans will **not** be offered in San Luis Obispo County. CalPERS will automatically move affected members to Blue Shield during Open Enrollment. If a member does not wish to be enrolled in Blue Shield, they must choose a different health plan and submit a Health Benefits Enrollment form (HBD-12) to their personnel office during Open Enrollment.

## 2003 OPEN ENROLLMENT PROCEDURES

The 2003 Open Enrollment will be held from October 1 through October 31, 2003. During Open Enrollment, eligible employees and annuitants may enroll in a health plan or add eligible family members. The effective date of all Open Enrollment transactions will be January 1, 2004.

### Health Plan Statement

CalPERS continuously looks for ways to enhance the services we provide to our members. This year CalPERS is trying something new for Open Enrollment. Instead of sending each member an Open Enrollment packet, CalPERS will send each prime life enrollee (the member) a personalized Health Plan Statement. This statement is very similar in style to the "*Annual Member Statement*" you receive from CalPERS.

The *Health Plan Statement* will include the following personalized information for each member: the health plan in which the member is currently enrolled; the dependents enrolled in this plan; and the ZIP Code (home or work) currently used to determine the health plan eligibility. The statement also will provide health plan premiums and benefit changes for 2004 and a prepaid postcard for ordering Open Enrollment information. Members who want to change plans or just stay informed can use the postcard to order an Open Enrollment packet (containing the *Benefit Summary* and *Decision Guide*) and other booklets (*Quality Report*, *Health Program Handbook*, and *Understanding Medicare and Your CalPERS Health Benefits*). The postcard must be returned by October 10, 2003, for the member to receive the requested materials prior to the close of Open Enrollment.

CalPERS believes the *Health Plan Statement* will be an efficient, effective tool for our members—allowing them to verify their current health plan enrollment and to order only the Open Enrollment information they want. For the first time, members will be able to see the dependents enrolled in their health plan and determine whether changes need to be made. Given the increasing cost of health care, our members may save money by deleting dependents that are no longer eligible to be on the plan. With proper cause, dependent deletions may be done at any time during the year, not just during Open Enrollment.

The *Health Plan Statement* will be mailed to all enrollees starting August 1, 2003. The Open Enrollment packet and other booklets will be mailed beginning September 24, 2003 to those who return the postcard. Open Enrollment packets and other booklets will be mailed on a flow basis as they are requested through October 15, 2003.

### Returned Health Plan Statements

**For Active Employees**—Statements returned to CalPERS because of an incorrect address will be sent to the employee's Health Benefits Officer/Assistant to be distributed to the employee. Health Benefit Officers/Assistants are asked to have these employees complete a change of address form. This will insure that future mailings reach the employee in a timely manner.

**For Retired Members**—Members must call CalPERS at (888) CalPERS (225-7377) to request that the statement be mailed to their home. The CalPERS Customer Contact Center's representatives will confirm the retiree's mailing address and make any

necessary changes to their address.

**Note:** The Open Enrollment booklets and health plan ZIP Codes will be available on the CalPERS Web site beginning August 18, 2003.

### **Retiree Health Plan Changes**

Retirees can make health plan changes using one of the following options:

- Call (888) CalPERS (225-7377).
- Complete the *Retiree Request to Change Plans* (HBD-30) form located in the *Health Plan Decision Guide* in the Open Enrollment packet and mail or fax this form to CalPERS as indicated.

### **Open Enrollment Packets**

The Open Enrollment packet includes two items:

- The Health Plan Decision Guide
- The Health Benefit Summary Booklet

### **Agency Supply of Open Enrollment Packets**

A supply of Open Enrollment packets equivalent to two percent of your enrolled employees will be mailed to your agency starting **September 24, 2003**. This supply should be used for the following groups:

- Those eligible for health benefits but not currently enrolled; or
- Newly hired employees.

The following booklets are **not** included in the Open Enrollment Packet and must be requested individually:

- Quality Report
- Health Program Handbook
- Understanding Medicare & Your CalPERS Health Benefits

### **Ordering Additional Open Enrollment Materials and Booklets**

Contact the CalPERS Agency Request Unit at (916) 658-1493 to order additional Open Enrollment Packets, booklets or any Health Benefits forms. You also may fax your request to (916) 326-3281 or use the CalPERS Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov) to order supplies. Include your agency's name and address, a contact person, telephone number, and the quantity of each item ordered.

### **Health Benefit Enrollment Form (HBD-12) Completion**

Please complete Open Enrollment HBD-12 form as follows:

<b>Box 11</b>	Primary Care Physician (HMO Only)	Providing this information will assist in the timely issuance of identification cards.
<b>Box 14</b>	Reason Code	
	104	New enrollment during Open Enrollment
	206	Adding dependent during Open Enrollment
	400	Changing plans during Open Enrollment
	28a*	Change plan/add family member during Open Enrollment
<b>Box 15</b>	Permitting Event Date	October 1 -- October 31, 2003
<b>Box 16</b>	Effective Date	January 1, 2004
<b>Box 21</b>	Employee Sign Date	October 1—October 31, 2003  Please include employee's daytime phone number
<b>Box 33</b>	HBO Received Date	No later than October 31, 2003

\*Use code 28a for plan change/add dependent.

**PLEASE include your *employee's daytime telephone number* on the HBD-12 form next to the employee's signature.**

### **State Permanent Intermittent Employees**

State Permanent Intermittent (PI) employees may **not** enroll as "new" during Open Enrollment. PI eligibility is based on the completion of the required hours during the designated control periods. PI employees who are currently enrolled may add eligible family members and/or change health plans during Open Enrollment.

### **Employees on Leave of Absence (LOA)**

Employees on a LOA during Open Enrollment may change plans and/or add dependents. Employees who do not change plans or add dependents during Open Enrollment may do so within 60 days from the date they return to regular pay status.

- *LOA and paying direct*—You must complete a *Health Benefit Enrollment* (HBD-12) form and *Direct Payment Authorization* (HBD-21) form. For dependent changes with no change in plan code or party rate, use the HBD-12 only.
- *LOA not paying direct*—You must complete an HBD-12 to make a plan or dependent change.

## COBRA Enrollees

Enrollees who are eligible through COBRA may change health plans and/or add eligible dependents during Open Enrollment. Enrollment changes are completed on a *COBRA Form* (HBD-85). The effective date rules for completion of the enrollment forms are the same as those for Active State employees. COBRA rates are calculated at 102 percent of the health plan's premium rate. (See Attachment 4.)

## Submitting Forms

Submit your Open Enrollment forms as they are completed. Early submission assists the health plan in the timely issuance of identification cards. All transactions/documents must be submitted by close of business on November 7, 2003. Submit forms to:

U.S. POSTAL SERVICE	EXPRESS SERVICE/ DIRECT DELIVERY
CalPERS Health Benefit Services Division Eligibility & Enrollment Section P. O. Box 942714 Sacramento, CA 94229-2714	CalPERS Central Mail Room 400 P Street, Room 2220 Sacramento, CA 95814 (916) 326-3044

## Automated Communications Exchange System Users (ACES)

All ACES transactions must be keyed and submitted for update based on the Open Enrollment dates and deadlines.

## Rescissions

If an employee wishes to rescind an Open Enrollment change, CalPERS must receive the rescinding HBD-12 form by December 31, 2003. Rescissions may delay the arrival of identification cards.

## Premium Adjustments

The January 1, 2004, pay warrants may not reflect the proper premium payment due to unavoidable processing delays during Open Enrollment. If this happens, the premium payment will be adjusted during a subsequent pay period. Members who changed health plans and have not received identification cards **should not continue to use the prior plan** after January 1, 2004. You should contact HBSD for assistance in resolving the problem.

## Multiple HBD-12s

During the next few months, you may be preparing enrollment forms that **add or delete dependents that may affect the dependent information on the Open Enrollment form**

**that you have prepared for January 1.** The effective dates and the dependent information for enrollment and Open Enrollment changes must be coordinated.

**Example:** Employee has a child on November 1, 2003. The employee changed health plans during Open Enrollment (October 1 through October 31, 2003), and you have completed and submitted the enrollment form to change plans. Complete one HBD-12 to add the newborn child effective December 1, 2003. The newborn will be added to the existing plan, and CalPERS enrollment system will automatically add the newborn to the new health plan effective January 1, 2004.

When completing enrollment forms to delete family members with the **same effective date** as an Open Enrollment change, use the following procedure:

- Complete an HBD-12 form deleting the dependent effective January 1, 2004.
- Complete a second HBD-12 to change health plans and/or add family members effective January 1, 2004.
- Staple the two enrollment forms together.
- In "Remarks," number the forms as "1 of 2" and "2 of 2".

## **2004 STATE ANNUITANT CONTRIBUTION FORMULA**

The 2004 State contributions for annuitants shown below are calculated based on the weighted average of the premiums for the four health plans with the largest enrollments of active and retired members in the Basic plan. For comparison, the 2003 state contributions are also shown.

	<b>2004</b>	<b>2003</b>
<b>One Party</b>	\$331	\$288
<b>Two Party</b>	\$621	\$537
<b>Family</b>	\$780	\$665

## **ZIP CODE ACCESS**

The service area chart in the *Health Plan Decision Guide* indicates each health plan's general service area by county. To be eligible to enroll in a specific health plan, the employee or annuitant must live or work in the health plan's service area as specified in the service area chart. Please use the ZIP code search program available on the CalPERS Web site to determine the employee's eligibility for a health plan. The ZIP codes for the health plan service areas in 2004 will be available on the Web site by August 18, 2003. CalPERS Web site address is <http://www.calpers.ca.gov>. Agencies that do not have Internet access should call CalPERS at (888) CalPERS (225-7377) to determine whether a particular ZIP code is included in a plan's service area.

## **HEALTH FAIRS**

To schedule a Health Fair for your agency, contact each health plan's representative

directly. The Health Plan Representatives list shows each plan's representative, including telephone numbers. The representatives' telephone numbers are to be used **ONLY** to set up Health Fairs. We recommend that you contact the plans' representatives as soon as possible to determine their availability.

## **NEW HEALTH REASON CODE AND REASON CODE CHART**

Two new reason codes have been created to assist in the deletion of dependents and cancellation of coverage during the Open Enrollment period. The codes are as follows:

- 530 Open Enrollment Cancel Coverage
- 320 Open Enrollment Delete Dependent

These codes are used in conjunction with the Open Enrollment dates (October 1, 2003—October 31, 2003) and will cancel the health benefits or dependents of an employee effective January 1, 2004.

Attached for your use is the following information related to the revised Health Reason Codes: Using Health Enrollment Reason Codes, Reason Code List (PDF, 120kb), and Effective Date Number and Method Descriptions (PDF, 42kb). This tool will assist you in completing Box 14 of the Health Benefit Enrollment form HBD-12.

If you have any questions about the information provided in this Circular Letter, please contact the CalPERS Customer Contact Center at (888) CalPERS (225-7377).

Tom Fischer, Chief  
Health Benefit Services Division